

JAN 24 2019

A BILL FOR AN ACT

RELATING TO TAX CREDITS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Section 235-110.91, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

"(a) Section 41 (with respect to the credit for increasing research activities) and section 280C(c) (with respect to certain expenses for which the credit for increasing research activities are allowable) of the Internal Revenue Code shall be operative for the purposes of this chapter as provided in this section; provided that references to the base amount in section 41 of the Internal Revenue Code shall not apply, and credit for all qualified research expenses may be taken without regard to the amount of expenses for previous years; provided further that the federal tax provisions in section 41 of the Internal Revenue Code, as that section was enacted on December 31, 2011, irrespective of any subsequent changes to section 41 of the Internal Revenue Code, shall remain in effect for purposes of determining the state income tax credit under this section;



1 provided further that the federal tax provisions in section 41
2 of the Internal Revenue Code, as enacted on December 31, 2011,
3 irrespective of any subsequent amendments to section 41 of the
4 Internal Revenue Code, shall apply only to expenses incurred for
5 qualified research activities after December 31, 2012."

6 2. By amending subsection (n) to read:

7 "(n) This section shall not apply to taxable years
8 beginning after December 31, [~~2019.~~] 2024."

9 SECTION 2. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 3. This Act shall take effect upon its approval.

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S.B. NO. 1314

Report Title:

High Technology; Research Activities; Tax Credit

Description:

Amends the research activity tax credit so that references to the base amount in section 41 of the Internal Revenue Code shall not apply, and credit for all qualified research expenses may be taken without regard to the amount of expenses for previous years. Extends the research activity tax credit through 2024.

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